

FILED
JUN 20 1967
Charles A. White
CLERK OF THE MARION CIRCUIT COURT

RECEIVED
JUN 10 1907
Elizabeth A. White
CLERK OF THE HONORABLE CIRCUIT COURT

The State of Indiana, by Attorney General Steve Carter and Deputy Attorneys General Gabrielle J. Owens and Joseph V. Basile, petitions the Court pursuant to the Indiana Deceptive Consumer Sales Act, Indiana Code 24-4-0.5-1 *et seq.*, for injunctive relief, restitution, civil penalties, investigative costs, and other relief.

1. Plaintiff, State of Indiana, is an enforcing authority of Ind. Code 24-5-0.5-1 *et seq.*, and is authorized to bring this action and seek injunctive relief, consumer restitution, and other relief.

FACTS

3. L.R.T.B. Services Inc. (“LRTB Services”), was a for-profit domestic corporation with a principal business address of 2607 West Washington Avenue, Indianapolis, Indiana 46222, and transacted business with Indiana residents between on or about February 18, 2002,

and November 15, 2006, when it was voluntarily dissolved.

4. Between February 18, 2002, and November 15, 2006, Defendant Valiyi (a/k/a Mehran Valigi) served as the incorporator, registered agent, president, and secretary of LRTB Services.

5. Between 2002 and 2006, a number of people residing in Central Indiana became involved in the money-making venture referred to as LRTB Services.

6. LRTB Services was a program organized as a pyramid-shaped panel consisting of various levels.

7. Individuals wishing to participate in LRTB Services were required to become partners in LRTB Services and to sign a partnership agreement. (A copy of the Partnership Agreement is attached hereto as "**Exhibit A.**")

8. As consideration given in exchange for the opportunity to participate in LRTB Services, prospective partners lent their name and credit to LRTB Services by taking out a mortgage or mortgages used to finance the purchase of residential real estate.

9. The property purchased using the partner's credit was rented and all rental income was placed in a joint account for LRTB Services and the partner to be divided equally.

10. The partners were led to believe that LRTB Services would make mortgage payments on the real property from the rental proceeds held in the joint account, or as a loan to the partnership, if the property is vacant, which would be repaid from "annual profits or final sale proceeds of the property."

11. The partners' contribution of their names and credit to LRTB Services, while not given in out-of-pocket funds, is valuable consideration and a requirement for the real property transactions that were involved with LRTB Services as the Defendant does not take out the

mortgages in his own name and with his own credit.

12. According to the Fair Isaac Corporation, who developed the FICO measure of credit risk that is the most used credit score in the world, as of June 4, 2007, a \$300,000, 30-year mortgage in Indiana results in a monthly payment of One Thousand Eight Hundred Two Dollars (\$1,802) for those with FICO scores above 760. For those with FICO scores between 700 and 759, the monthly payment increases to One Thousand Eight Hundred Forty-Five Dollars (\$1,845). This is a Forty-Three Dollar (\$43) monthly difference, and an annual increase of \$516. As the borrower's credit score moves lower on the FICO scale, the differences in monthly payments between one score range and another is larger.

13. Pursuant to the information set forth above, an individual's credit has an incremental cash value that can be quantified as valuable consideration.

14. The Defendant used the partners' credit scores rather than his own in order to obtain mortgages for the properties purchased under the Partnership Agreement as it was necessary to complete these transactions.

15. The Partnership Agreement states that each partner "shall take a marketing role by focusing on bringing at least one partner to the organization per year."

16. Partners bringing in new partners received, from LTRB Services, \$500 for each property purchased by the new partners.

17. Each LRTB Services partner was, per the Partnership Agreement, expected to "coach and mentor the new partner if they have the time to perform this additional responsibility."

18. In return for "fully coaching the new partner," the LRTB Services partners received an additional \$500 per property sold. "Fully coaching" is defined as "supporting their

questions and issues after the[y] [(sic.)] start the program.”

19. The Partnership Agreement also provides that LRTB Services partners who bring in an additional five (5) partners within five (5) years are entitled to request that LRTB Services repurchase all of the properties owned by said LRTB Services partner, with the LRTB Services partner splitting any profits from the buyback on a 50-50 basis with LRTB Services.

20. In truth and in fact, LRTB Services was an illegal pyramid scheme.

VIOLATIONS OF THE DECEPTIVE CONSUMER SALES ACT

21. LRTB Services is a pyramid promotional scheme as defined by Ind. Code 24-5-0.5-2(9).

22. The Defendant is a “supplier,” as defined by Ind. Code 24-5-0.5-3(B).

23. The Defendant’s actions in promoting LRTB Services as set forth above constitute violations of Ind. Code 24-5-0.5-10(3).

24. The deceptive acts set forth above will continue and will cause irreparable injury unless the Defendant is enjoined from engaging in further conduct that violates Ind. Code 24-5-0.5-1 *et seq.*

RELIEF

WHEREFORE, the Plaintiff, State of Indiana, requests the Court enter judgment against the Defendant, Mehran Valiyi, and order the following relief:

a. A permanent injunction pursuant to Ind. Code 24-5-0.5-4(c)(1) enjoining the Defendant from promoting a pyramid promotional scheme in the future;

b. Restitution pursuant to Ind. Code 24-5-0.5-4(c)(2), on behalf of any customers who paid the Defendant money in order to participate in LRTB Services, in an amount to be determined at trial;

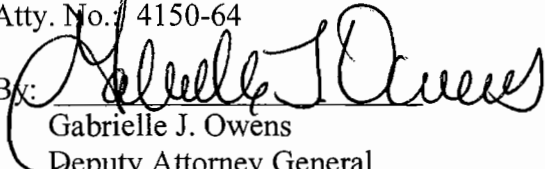
c. Costs pursuant to Ind. Code 24-5-0.5-4(c)(3), awarding the Office of the Attorney General its reasonable expenses incurred in the investigation and prosecution of this action;

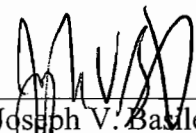
d. Civil penalties pursuant to Ind. Code 24-5-0.5-4(g) for the Defendant's knowing violations of the Deceptive Consumer Sales Act, in the amount of Five Thousand Dollars (\$5,000) per violation, payable to the State of Indiana; and,

e. All other just and proper relief.

Respectfully submitted,

STEVE CARTER
Attorney General of Indiana
Atty. No. 4150-64

By: 
Gabrielle J. Owens
Deputy Attorney General
Atty. No. 26207-49

By: 
Joseph V. Basile
Deputy Attorney General
Atty. No. 23302-49

LRTB 29 PARTNERSHIP AGREEMENT**LRTB with Partner Adegbile Adewunmi****06-06-05**

- LRTB Services shall jointly own property based on down payment equities and closing costs provided by LRTB to partnership as well as the experience they bring.
- LRTB Services rents are collected by Bank One directly from the tenants.
- LRTB Services shall provide the mortgage payments as a loan to partnership (if property is vacant). These figures will be deducted later from annual profits or final sale proceeds of the property.
- All income and losses will be equally divided 50-50%. (These losses include any repairs.) If there is no profit, the minimum buy back will pay off amount of the mortgage on the property.
- If there is a profit, we shall deduct any expenses such as vacancies or repairs that were incurred over the time of the partnership (this will never exceed the original mortgage amount owed on the property).
- Partners will assist in book-keeping, tenant management and property management or other strong areas which partners bring to this business.
- Partners share in decision making of property management.
- Taxes will have joint deductions on taxes.
- Partners will manage all administration and duties to paying and maintaining mortgage payments on property.
- All income and losses will be filled under LRTB 29 partnership.
- Separate checking account will be used to pay for all activities such as expenses or incomes received (there will be at least one joint partnership account).
- LRTB Services shall buy the property back for no less than the amount which is owed on the property.
- We have a multi-year goal to look at market prices and make the case for a profitable sale.
- A Marketing partner shall take a marketing role by focusing on bringing at least one partner to the organization per year.
- Partners bringing in new partners shall receive \$500 per each property sold (1099)
- The original partner is expected to coach and mentor the new partner if they have the time to perform this additional responsibility.
- There will be an additional distribution \$500 per house for fully coaching the new partner (Fully coaching means supporting their questions and issues after the start the program - 1099 income).
- If a partner brings in 5 additional partners before 5 years, they may request all of their properties to be bought back.
- Based on previous mention item with buy back we shall split 50/50 the profits per house during this buy back.
- Our goal is to make sure each partner is successful.
- To get the best rate, refinance your own property before you acquire 9 homes.
- LRTB reserves the right to sell homes to equity fund groups in the event of a buyout, unless partner can satisfy LRTB of ability to be independently financially responsible for all homes.
- If partner decides not to sell homes to equity fund groups, LRTB is absolved of all financial responsibility and partner commits to paying the greater of 50% of profit (less LRTB expenses) or the amount LRTB would have received from equity fund group at buyout time

Adegbile Adewunmi

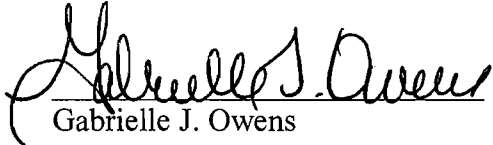
Adegbile Adewunmi

Mehran Valiyi

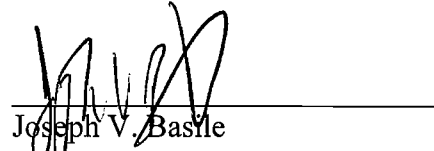
MEHRAN VALIYI

VERIFICATION

We affirm, under the penalties for perjury, that the foregoing representations are true.



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Atty. No. 26207-49



Joseph V. Basile
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